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FM AMEMBASSY MINSK  
TO RUEHC/SECSTATE WASHDC 4494  
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE  
RHMFISS/HQ USEUCOM VAIHINGEN GE  
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK

C O N F I D E N T I A L SECTION 01 OF 03 MINSK 000582

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E.O. 12958: DECL: 06/02/2016  
TAGS: [PGOV](#) [ECON](#) [PHUM](#) [KNAR](#) [BO](#)  
SUBJECT: PINSK VISIT NOT IDEOLOGICALLY PURE

REF: A. 05 MINSK 1126  
[1](#)B. MINSK 393

Classified By: DCM CONSTANCE PHILIPOT FOR REASONS 1.4 (B, D)

[1](#)1. (C) Summary: On May 24 and 25 DCM and Econoff visited the southern cities of Pinsk, Beryoza and Beloozyersk, as well as a newly discovered Holocaust mass grave near Bronnaya Gora. Local activists in Beryoza seemed preoccupied with their problems with the BKGB, but activists in Beloozyersk are already planning for 2007 local elections. Most meetings in Pinsk were held with the knowledge and approval of local officials, who however grew angry when Emboffs deviated from the official plan and met a local independent journalist. In Pinsk Emboffs toured a textile factory partially owned by Belarus' security services, spoke with the mayor, delivered a donation to the American Corner, and listened to the many problems faced by a local American investor. Throughout the Pinsk visit Emboffs were accompanied by a local ideological officer, a state television crew, uniformed police and presumed members of the BKGB. Emboffs did not get a chance to watch or play Pinsk's premier sport, motoball (soccer played from a motorcycle). End summary.

Too Much Love from the GOB in Pinsk  
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[1](#)2. (U) DCM and Econoff visited the southern cities of Beryoza, Beloozyersk and Pinsk May 24 to 25. The bulk of the trip was spent in Pinsk, where local authorities reacted to the visit with a welcoming but heavy hand. A city ideological officer, a marked police vehicle, and a state television crew accompanied Emboffs at all times. They were periodically joined by several plainclothes people Emboffs suspect were BKGB. At times local authorities had four vehicles accompanying the embassy's single car. The visit was relatively frictionless, with Emboffs holding only city "approved" meetings, until the end, when Emboffs stopped off in a caf to speak with an independent journalist (who was afterwards immediately questioned by both state media and state security). After that meeting the ideological escort turned frosty, the state camera crew asked DCM why she held a "conspiratorial meeting" with "a social-democrat," and the police vehicle escorted Emboffs at great speed to the city limits.

Pinsk's Confident Mayor  
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[1](#)3. (U) Emboffs met with the mayor of Pinsk, as well as his deputies for social and business affairs. The mayor explained that Pinsk is Belarus' tenth largest city with

130,000 inhabitants, and that it is growing due to domestic migration. Pinsk is an industrial city, and local industry provides most of the city government's USD 20 million in monthly tax revenue. The largest company is the private Pinskdrev furniture factory, while small businesses, mostly in construction and hair salons, provide 15% of tax revenue. The city spends half of its budget on health care, but is also building a new university (funded by the National Bank of Belarus), and recently opened a restored historic theater.

Pinsk also is proud to host Europe's only dedicated motoball stadium -- a form of soccer played on motorcycles. When asked about NGOs, the mayor's staff recited the registered political parties in the region, but added that the state really provides for all needs, so NGOs are not necessary. The mayor explained that

Pinsk region prides itself on its agriculture, and imports John Deere tractors.

#### Textiles for State Security

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¶4. (SBU) Local officials then accompanied Emboffs on tours of a local joint venture textile factory and an outlet store for a state-owned textile plant. The management explained the state factory was currently not working due to the transition between seasons. The management proudly showed off the factory's clothing, which was of poor quality and out of date.

¶5. (U) Emboffs then toured an Austrian/Belarusian joint venture that produces sportswear for Champion Europe. This factory uses modern equipment, had a small staff, and clearly produced quality fabric. The plant's manager explained the plant was 60% owned by an Austrian investor and 40% by

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Minsk's Dynamo Sports Club. He added that Dynamo (which owns Belarus' most successful soccer team and Minsk's largest outdoor stadium, as well as other businesses) is owned by a consortium of Belarus' security services, including the Ministry of Defense, BKGB, State Customs Committee, and Ministry of Interior.

#### Hardships for an American Investor

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¶6. (C) Emboffs met with Mark Homnick, an American whose company Silicon Materials has been producing silicon wafers for export to the U.S. for twelve years. Although his company is profitable, Mark stated that he constantly faces bureaucratic problems from the government that hamper his business. He explained that all companies in Belarus face such problems, he has never been singled out for being a foreigner. When he initially invested in Belarus, he entered into a joint venture with a failing Belarusian silicon wafer manufacturer, which has caused numerous problems. His state-owned partner contributes nothing to the business. Last year Mark had to install a USD 100,000 water purification system to remove contaminants from his chips. His partner tried to block this upgrade, as it would throw off the ownership ratio of how much each party had contributed to the company. To overcome this hurdle and avoid accidentally investing in his own firm, Mark imported the goods as "humanitarian assistance" to his company. Although he said local officials are sympathetic, they explained he now faces massive fines and possibly jail for making an illegal donation to a Belarusian entity, under recently amended laws designed to prevent foreign donors from aiding political NGOs. Mark thinks he can overcome this barrier.

¶7. (C) Mark also wants to bring in new equipment to double production, but his local partner is trying to prevent this move, and he faces taxes worth more than the equipment itself. To bypass these problems he is contemplating

creating a shell company to import and legally own the new equipment. Mark stated that all companies in Belarus face continuous state inspections, extremely high taxes, and a stifling legal environment. For example, Mark recently bought a used building and wants to renovate and modernize the space. However, under Belarusian law any renovation that costs more than 10% of the value of the building is classified as new construction and requires expensive fees and taxes. Because of laws designed to protect domestic industry, Silicon Materials cannot do any contract work for local manufacturers, even recently when the state-owned silicon chip company Integral wanted Silicon Materials' help in a process for which Integral did not have the proper equipment. The GOB refused to allow this cooperation.

¶8. (C) Mark said he could easily double his production if the GOB would slightly ease the regulatory burden. Even though he loves Pinsk (and married a local), he claimed he would possibly not have entered the Belarusian market if he knew he would face so many problems. Mark has considered moving his company to Poland, but stated the GOB would never let him export his machinery.

¶9. (C) Mark also claimed that just before the March presidential elections he received an invitation from the mayor to a meeting of all regional enterprise directors to "prepare for" the elections. He went to the meeting, but the room grew silent when the American entered. An obviously embarrassed mayor asked if Mark had been invited, and then politely asked Mark to leave, claiming the meeting was only for directors of state enterprises.

#### Ideologically Unpure Journalist

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¶10. (U) In other meetings in Pinsk, DCM donated additional books and equipment to an American Corner in the local library, spoke to 35 local English students, gave a short interview to our state media escorts, and met with officials at the local Catholic monastery. In the meeting that provoked the ire of our escorts, Emboffs spoke with a local independent journalist. His newspaper, Mestovoy Chas, has a weekly circulation of 1,400. This fell from over 2,000 after the state blocked their access to the state postal and kiosk distribution systems. During the election period this journalist went to jail twice, once for five days for allegedly swearing in public and once for six days for

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alleged hooliganism, although he claimed he was arrested while bringing his daughter to school. He explained that Pinsk residents are mostly worried about economic matters, such as natural gas prices and salaries, and are not much interested in politics. His paper survives with difficulty, but he claimed that many officials in local government read his paper for a more accurate report of what is happening in the region. He added that opposition newspapers Narodnaya Volya and Nasha Niva are sometimes available in Pinsk.

#### Holocaust Mass Grave Found

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¶11. (U) On the way to Pinsk, outside the village of Bronnaya Gora, Emboffs met with several local women who, after diligent research, uncovered a mass grave dating from the Holocaust. They had discovered that the occupying Germans gathered the local Jewish population, several thousand people, and shot and buried them in a nearby forest. The group has permission from local authorities to erect a monument on the site, but is looking for funding. DCM promised to pass their story along to possibly interested American groups.

## Despair in Beryoza

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¶12. (C) Last September Econoff visited the local opposition in Beryoza and found a vibrant and active group (ref A). Emboffs met with the same group on May 24. They remain active, and were collating a local underground independent newspaper during the visit. However, Emboffs this time found them to be preoccupied with the problems they face from the regime. They explained the BKGB has questioned most of them, using the pretext of investigating the Partnership arrests (ref B). All claimed the BKGB follows them and listens to their phones, as well as to phones of their relatives. The BKGB even called one activist's underage daughter to ask why she allows her mother to make political calls on her phone. The group repeatedly commented that the BKGB was listening to the current conversation and had a vehicle outside watching. Activists had been brought to court three times for distributing an unregistered newspaper, and currently face a fine of BYR 2.3 million (USD 1,070) for defamation after they reported

the commander of the local airbase was dishonorably discharged for criminal activity. Unfortunately for the activists, this commander was also head of the local pro-Lukashenko Communist Party. They all commented that regime pressure had increased after the election was over, rather than lessening as expected. The group also told more of the same stories Emboffs hear throughout Belarus of opposition activists arrested, election observers not being allowed to observe vote counting, and of the local election commission member who refused to sign the falsified election protocols.

## But Beloozersk Still Upbeat

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¶13. (C) In contrast to Beryoza, local activists in Beloozersk were more focused on what they are doing, rather than what the regime is doing to them. Beloozersk activists told Emboffs they have held several post-election meetings to start planning for the 2007 local elections. They also conducted a poll of 500 local residents and found that 63.8% said they voted for Lukashenko, while 20.3% voted for Milinkevich (versus official nationwide results of 83% and 6% respectively). Local activist Yury Gubarevich explained that he thought local residents seemed more supportive of the opposition in 2001 and 2004 elections than in 2006. The Beloozersk activists also run a regional resource center that publishes a bi-weekly newspaper with 1,350 copies, and helps a local women's group and several groups in other cities publish their newspapers.

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